

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN

Retire Flyer

RETIREMENT COMMITTEE CORNER

As of September 30, 2018, the value of the Plan's assets was \$663,400,494 versus a value of \$636,076,487 at the end of the previous quarter.

Detailed information can be found on our Retirement Plan Committee webpage on the Frederick County Government website:

www.FrederickCountyMD.gov/Retiree

The Frederick County Employees Retirement Plan Committee has proposed four amendments to the Plan Document. If you wish to provide public input, please see the [County Council Calendar and Agendas](#) to see when they will be considered. Details regarding the four amendments can be found on the following pages and on our website:

www.FrederickCountyMD.gov/Retiree

2019 Health Insurance Rates
will be reflected in your February
benefits payment

Don't



The *Retire Flyer* is going **DIGITAL. Beginning April 2019, the *Retire Flyer* will no longer be printed. We are going digital!**

We have already started sending the *Retire Flyer* via email! If you didn't receive this issue in your email, please provide your email address to: JGibbon@FrederickCountyMD.gov

As always, the *Retire Flyer* and other important information can be found on our website:

www.FrederickCountyMD.gov/Retiree

New direct deposit accounts will be prenoted the first month and a paper check will be issued. Direct Deposit will begin the following month.

Do not close your old account before you know for sure your check is being deposited into your new account.



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Retirement Committee Corner (Continued)...

The following amendments are scheduled for the First Reading by the Frederick County Council. If you would like to attend in support of, or for public comment, the meeting will be held in the First Floor Hearing Room of Winchester Hall, at 5:30pm EST on Tuesday, January 15, 2019. If you are unable to attend and wish to watch the meeting, tune into FCG TV Live on Local Comcast Channels 19 and 1085 or www.FrederickCountyMD.gov and click the link for FCG TV.

The proposed amendments are as follows:

Ad Hoc Cost of Living Adjustment for FY2020 – Should the County Executive approve an amendment to the Frederick County Employees Retirement Plan (the "Plan") that (1) provides for a one time cost of living adjustment to retirees' benefits, which will be phased in over a period of three years, up to a maximum of five percent (5%) of the retirees' monthly benefit payment, depending on the period in time when the Participant's retirement occurred, and (2) requires that the Retirement Plan Committee (the "Committee") evaluate the adequacy of cost of living adjustments every three years to assess the impact of inflation on retirees' benefit payments, and forward this amendment to the County Council for their consideration?

More information on Page 3.

Cessation of Interest Accrual on Employee Contribution Accounts for Terminated, Non-Vested Participants - Should the County Executive approve an amendment to the Frederick County Employees Retirement Plan (the Plan") that provides that the employee contribution accounts of employees who terminate employment with the County before earning a vested interest in a future retirement benefit will cease having interest credited to the account as of the July 1 that is at least 12 months following the individual's termination of employment, and forward to the County Council for their consideration?

Internal Revenue Service Requested Changes - Should the County Executive approve an amendment to the Frederick County Employees Retirement Plan (the Plan") that provides for changes to the Plan requested by the Internal Revenue Service in conjunction with issuance of a determination letter for the Plan, and forward to the County Council for their consideration?

Reinstatement of Grant Funded Employees as Participants in the Plan; Termination of Defined Contribution Plan - Should the County Executive approve an amendment to the Frederick County Employees Retirement Plan (the DB Plan") that (1) provides that employees classified by the County as "grant funded" be eligible to participate or resume participation in the DB Plan and (2) provides that grant funded employees receive credit for service under the DB Plan for all years of County employment and that the grant funded employees' account balances under the Frederick County, Maryland Defined Contribution Plan (the "DC Plan") will be transferred to the Plan? Should the County Executive recommend adoption of a Resolution to terminate the Frederick County, Maryland Defined Contribution Plan, and forward to the County Council for their consideration?

Documents can also be found on our website:
www.FrederickCountyMD.gov/Retiree

IMPORTANT COLA INFORMATION

County Executive Requests

Frederick County Council to consider an additional Cost of Living Increase (COLA) for Retirees. During 2018 the Frederick County Retirement Plan Committee reviewed several options to provide an additional COLA for existing Retirement Plan participants. Ultimately the Committee made a recommendation to the County Executive to provide a *one-time* additional COLA with a tiered structure that extends a greater benefit to the longer term retirees. This new *one-time* COLA would be in addition to the 1% compounding COLA already provided by the Plan. This tiered structure, which would be provided over three years beginning with Fiscal Year 2020 (July 1, 2019), is shown below in Table 1.

The County Executive supports this one-time tiered and phased in COLA. Since this requires a Plan Amendment it has been submitted as a Bill to the Frederick County Council. The proposed bill will also require that future additional COLA adjustments be evaluated at least once every three years following the adoption of this Plan Amendment and in conjunction with the actuarial valuation of the Plan. This should ensure that any future COLA will be considered on a more frequent basis.

Table 1				
Participant's Retirement	Year 1	Year 2	Year 3	Total
After 12/31/18	0%	0%	0%	0%
Between 01/01/14 and 12/31/18	1%	1%	1%	3%
Between 01/01/09 and 12/31/13	2%	1%	1%	4%
On or before 12/31/08	3%	2%	0%	5%

The Bill to Amend the Retirement Plan to add this new COLA for existing retirees will be introduced to the County Council on January 15, 2019, The Council will hold a Public Hearing at Winchester Hall regarding the Bill on February 5, 2019.* Retirees who are interested in this Bill and COLA can see a copy of the bill on the County's Web site under the Human Resources Page - Retiree Information & Resources. Retirees that have questions about this Bill can contact Diane Hoffman in Human Resources at 301-600-1625 or Michael Marschner, the Retiree member of the Plan Committee, at 301-600-1133.

** Retirees should check the County Council schedule to verify the date of the Public Hearing in case of agenda changes or inclement weather.*



1099R Mailing

The 1099R's will be mailed to your home address by January 31, 2019. Please keep in mind, if you turned 59½ in 2018, you will receive two 1099R's. One for the distribution code of 2-early exception and one for the distribution code of 7-normal retirement. If you do not receive your 1099R and/or have any questions regarding the form, please contact Diane Hoffman at 301-600-1625 or Dhoffman@FrederickCountyMD.gov

IMPORTANT NOTICE TO MARYLAND EMPLOYEES

Did you know that federal and Maryland earned income tax credits are available to certain low-income individuals and families?

These credits can reduce the amount of income tax you owe or increase your income tax refund. You may qualify to receive some of these credits even if you didn't earn enough income to be required to file a tax return.

2018 Maryland Earned Income Tax Credit (EITC)

Maryland's EITC is a credit for certain taxpayers who have income and have worked. The state EITC reduces the amount of Maryland tax you owe. The local EITC reduces the amount of county tax you owe. Some taxpayers may even qualify for a refundable Maryland EITC.

Most taxpayers who are eligible and file for a federal EITC can receive the Maryland state and local EITC. The allowable Maryland credit is up to one-half of the federal credit. To be eligible for the federal and Maryland EITC, your federal adjusted gross income and your earned income must be less than the following:

- \$49,194 (\$54,884 married filing jointly) with three or more qualifying children
- \$45,802 (\$51,492 married filing jointly) with two qualifying children
- \$40,320 (\$46,010 married filing jointly) with one qualifying child
- \$15,270 (\$20,950 married filing jointly) with no qualifying children

Generally, to receive the Maryland EITC, you must be eligible for the federal credit. However, If you do not meet the minimum age requirement under the federal credit and are otherwise eligible for the federal credit for those without a qualifying child, you may claim the state earned income tax credit (calculate federal earned income credit disregarding the minimum age requirement). If your income is less than the amounts shown in this notice, visit the Internal Revenue Service Web site at www.irs.gov, or contact your tax advisor, to learn if you meet the other requirements. You also may be entitled to a refundable Maryland EITC and to a local EITC.

If you are a part-year resident, you may be entitled to a prorated share of the credit, if you have Maryland income. As of 2017, nonresidents are no longer eligible for the Maryland credit.

For more information about the Maryland EITC, visit our Web site at www.marylandtaxes.gov or call 1-800- MD-TAXES (1-800-638-2937) or from Central Maryland 410-260-7980. You must have a valid Social Security number and file a tax return to claim this credit.

Reminder: Legally married same-sex couples must file as married filing jointly or married filing separately for tax year 2018. Employees wishing to adjust their withholding to reflect married status should complete a new Maryland Form MW507, as well as federal Form W-4.

2018 Federal Earned Income Tax Credit (EITC)

For more information about the federal EITC, visit: www.irs.gov/individuals or call the IRS at 1-800-829-1040.

CIGNA MEDICAL AND DENTAL INSURANCE RETIREE MONTHLY INSURANCE PREMIUMS FOR 2019

Medical Insurance—"Active" Rates (currently 15% of full premium)

For retirees with a hire/service date prior to 7-1-1992

Plan	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
OAP In-Network	\$ 106.26	\$ 211.36	\$194.52	\$310.22
Open Access Plus*	\$241.27	\$474.44	\$ 437.09	\$ 693.76

Medical Insurance—"45%" Rates (45% of full premium)

For retirees with a hire/service date from 7-1-1992 through 7-31-2008 with 25 yrs of service

Plan	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
OAP In-Network	\$ 318.48	\$633.55	\$583.01	\$929.74

Medical Insurance—"50%" Rates (50% of full premium)

For retirees with a hire/service date from 7-1-1992 through 7-31-2008

Plan	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
OAP In-Network	\$ 353.87	\$703.94	\$647.79	\$1,033.05

Medical Insurance—"75%" Rates (75% of full premium)

For retirees with a hire/service date on or after 8-1-2008

Plan	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
OAP In-Network	\$ 530.81	\$1,055.91	\$971.69	\$1,549.57

Medical Insurance—Part-time Rates for part-time employees hired before 7-1-1992 and retired after 7-1-2010, based on FTE/hours worked at time of retirement **(25% of full premium)**

Plan	FTE	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
OAP In-Network	0.75-0.99	\$ 177.09	\$352.27	\$324.21	\$517.01
Open Access Plus*	0.75-0.99	\$ 312.12	\$615.35	\$566.82	\$900.58

*There is a small group of employees who remain in the Open Access Plus plan, however, the plan is closed to new enrollments.

Dental Insurance**—All Eligible Retirees pay Full Premium for Coverage

Dental Plan	Retiree Only	Ret + Spouse	Ret+Child(ren)	Ret + Family
Cigna Dental Care-DHMO	\$ 9.54	\$19.10	\$23.91	\$31.74
<u>Basic</u> Dental PPO	\$27.64	\$60.52	\$44.20	\$80.10
<u>Enhanced</u> Dental PPO	\$39.46	\$86.42	\$63.13	\$114.40

**To be eligible for dental insurance as a retiree, you must have had a dental plan through the County at the time of retirement and kept that coverage for at least one month as a retiree.



Frederick County Employees Retirement Plan 2019 Pay Dates

MONTH	PAY DATE
January	January 1, 2019
February	February 1, 2019
March	March 1, 2019
April	April 1, 2019
May	May 1, 2019
June	May 31, 2019
July	July 1, 2019
August	August 1, 2019
September	August 30, 2019
October	October 1, 2019
November	November 1, 2019
December	November 29, 2019

Benefits Questions

Retirement Benefit:

Diane Hoffman	301.600.1625
or Shanna Gibbons	301.600.1115

Health / Dental Benefit:

Frances Grisier	301.600.1190
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Life Insurance Benefit:

Catherine DiGennaro	301.600.1788
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Deferred Compensation Benefit:

Catherine DiGennaro	301.600.1788
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